NOVA SCOTIA
HOUSE OF ASSEMBLY

NOVA SCOTIA LEGISLATIVE
RECEIVED
APR 27 1990
LIBRARY

Nova Scotia

BUDGET HIGHLIGHTS

1990-91

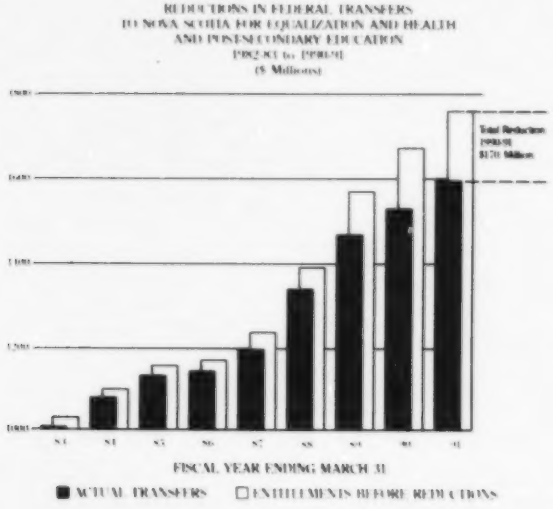
Honourable Greg Kerr
Minister of Finance

Nova Scotia

1990
BUDGET HIGHLIGHTS
APRIL 27, 1990

INTRODUCTION

Reductions in federal equalization transfers resulting from a cap on entitlements and the impact of the several unilateral federal cutbacks in funding for health care and post-secondary education since 1982-83 result in an estimated $170 million less in federal funding for the province in 1990-91.



ECONOMIC ENVIRONMENT

Nova Scotia economy experienced real growth of 2.5 percent during 1989.

Unemployment rate dropped to 9.9 percent last year, the first year the annual unemployment rate was below 10 percent since 1980.

Growth in Nova Scotia economy expected to moderate in 1990, consistent with trends anticipated nationally.

Province remains concerned that the GST will have a negative economic impact on Nova Scotia.

FISCAL SITUATION 1989-90

Deficit for 1989-90 forecast to be slightly lower than target set out one year ago.

Total operating expenditures forecast to be less than estimated in last year's budget.

Net capital expenditures increased by $37 million due to acquisition of 122,000 acres of woodland from George Eddy Company Limited.

SYDNEY STEEL CORPORATION

Modernization of the Sydney Steel Plant is substantially complete and commercial production has commenced. In conjunction with the completion, and to make the company a viable, self-sustaining operation, $785 million of Sysco's debt has been transferred to the province.

FISCAL PLAN 1990-91

Reductions in federal funding have placed Nova Scotia in a very difficult fiscal situation. Following tax measures necessary to continue the balanced approach to program delivery and deficit reduction:

- Individual Income Tax rate increased to 59.5 percent of Basic Federal Tax.
- Surtax of 10 percent on provincial individual income taxes in excess of $10,000.
- General Corporate Income Tax rate increased to 16 percent.
- Corporation Capital Tax rate increased to 3.0 percent.
- The Tobacco Tax rates increased to:
  - 6.8 cents per cigarette
  - 6 cents per gram for tobacco sticks
  - 5.25 cents per gram for fine cut tobacco.

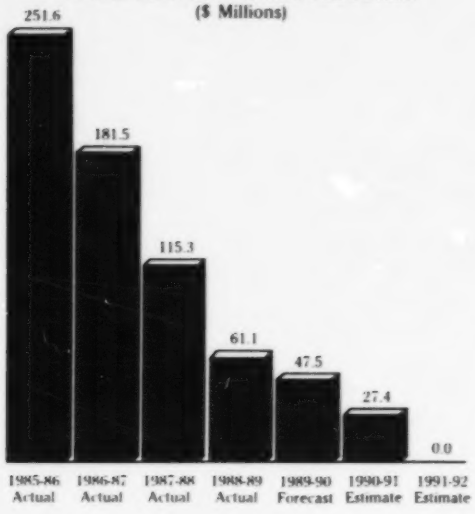
- Provincial Deed Transfer Tax effective July 1, 1990
  - Commercial Sales — 2 percent
  - Residential Sales
    up to $100,000 — no tax
    price in excess of $100,000 — 2 percent.
- Health Services Tax rate unchanged at 10 percent; however, effective midnight tonight:
  - exemption for prepared meals reduced from $4 to $2.
  - exemptions removed for liquid concrete and non-prescription drugs.
- Transportation Trust Fund, established for the construction and upgrading of all 100 Series highways, to be funded by a special allocation of increased gasoline and diesel oil taxes.

	ALLOCATED TO TRUST FUND
Effective midnight tonight:	
– gasoline tax rate increased to 22.25 percent	1 cent/litre
– diesel oil tax rate increased to 31.5 percent	4.5 cents/litre
Effective January 1, 1991:	
– gasoline tax rate increased to 24.5 percent	1 cent/litre

Operating deficit of the province for 1990-91 will be $27.4 million — $20 million below last year's level.

Province remains committed to deficit reduction and plans to achieve a balanced budget in 1991-92.

FISCAL PLAN FOR DEFICIT REDUCTION
($ Millions)



HEALTH CARE FOR NOVA SCOTIANS

Over $1.2 billion is allocated towards a wide range of health care programs and services.

Royal Commission has reported regarding costs of health care system.

Effective June 1, 1990, a fee of $3 per service will be charged under the Children's Dental Care Program.

Under the Ambulance Subsidy Program, user fees will be increased by $20 effective May 1, 1990.

Persons receiving benefits under the seniors' Pharmacare Program will be required to make a payment of $3 per prescription purchased under the Plan, effective June 1, 1990.

EDUCATIONAL OPPORTUNITIES FOR NOVA SCOTIANS	Cost of Nova Scotia's educational system will exceed $1.0 billion this fiscal year. • Direct grants and other assistance to universities will total $216.4 million in 1990-91. • $604.8 million will be allocated for education grants to school boards this year.
SOCIAL ASSISTANCE TO NOVA SCOTIANS	Expenditures on social services to exceed $450 million in 1990-91. • Increase of 21.8 percent in funding for children's services. • Continued strong support of Homes for Special Care.
PLANNING AHEAD	Initiatives to reduce costs of government. Plans to balance program requirements against fiscal resources.

Nova Scotia

NOVA SCOTIA
HOUSE OF ASSEMBLY
APRIL 27, 1990

BUDGET ADDRESS

PROVINCE OF NOVA SCOTIA
1990-91

HONOURABLE GREG KERR
MINISTER OF FINANCE

90-04910/

TABLE OF CONTENTS

BUDGET ADDRESS	Page
Introduction	1
Economic Environment	2
Fiscal Situation 1989-90	4
Sydney Steel Corporation	4
Fiscal Plan 1990-91	5
Health Care for Nova Scotians	8
Educational Opportunities for Nova Scotians	11
Social Assistance to Nova Scotians	12
Planning Ahead	13
Conclusion	14
FINANCIAL AND SUPPLEMENTARY INFORMATION	16

BUDGET ADDRESS

Province of Nova Scotia

Honourable Greg Kerr
Minister of Finance

INTRODUCTION

I have the honour to present to the House of Assembly and the people of Nova Scotia, the government's fiscal plan for 1990-91.

Setting this year's fiscal framework has been a very difficult task. Major changes in federal revenue and expenditure policies have caused all provinces across Canada to face increased financial pressures.

In its recent budget, the federal government announced major cutbacks in funding for health care and post-secondary education.

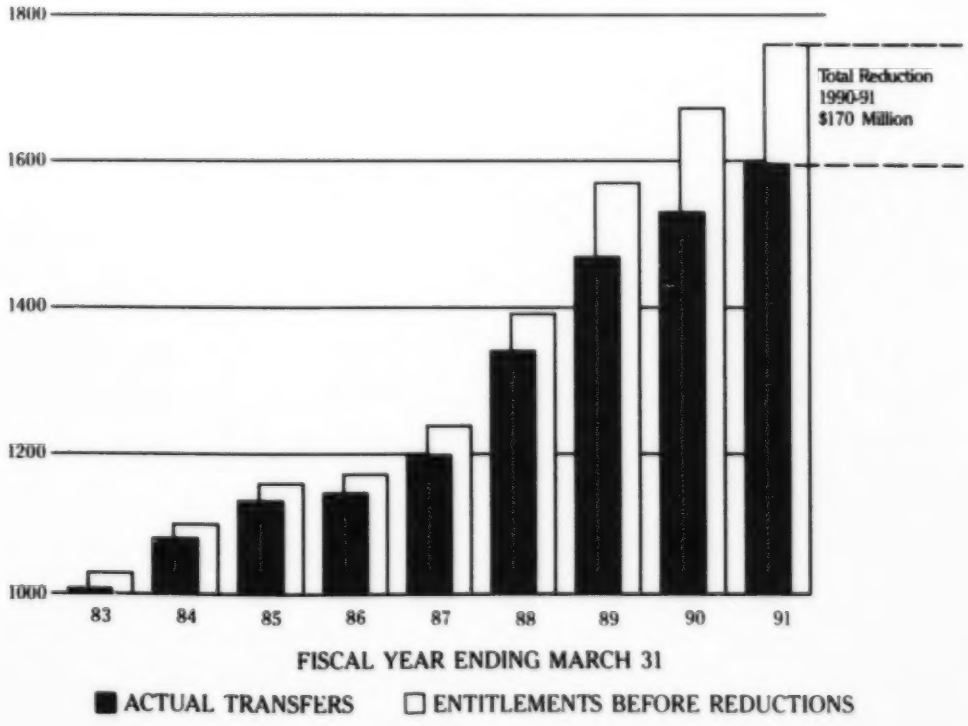
As well, during the closing days of the last fiscal year, the federal government announced major reductions in estimates of equalization entitlements for 1987-88 through 1990-91. A large part of the decline in equalization payments resulted from a cap on entitlements that restricts the payments to recipient provinces.

Reductions in federal equalization transfers resulting from the cap and the impact of the several unilateral federal cutbacks in funding for health care and post-secondary education since 1982-83 result in an estimated $170 million less in federal funding for the province in 1990-91.

Federal measures result in $170 million less funding in 1990-91

This obviously places considerable strain on the province's fiscal resources and its ability to deliver programs and services.

REDUCTIONS IN FEDERAL TRANSFERS TO NOVA SCOTIA FOR EQUALIZATION AND HEALTH AND POST-SECONDARY EDUCATION
1982-83 to 1990-91
($ Millions)



The difficult decisions that we are facing as a result of these federal measures have been further compounded by the rapidly approaching federal Goods and Services Tax (GST).

Implementation of this new federal tax is causing considerable uncertainty throughout the Canadian economy. There are indications that inflationary wage pressures are escalating in anticipation of the tax.

Uncertainty created by federal Goods and Services Tax

The GST could cause both an increase in provincial expenditure requirements and an erosion of revenues. The costs of many essential programs and services provided by government could escalate as inflationary pressures build. At the same time, the intrusion by the Government of Canada into an area of traditional provincial jurisdiction affects the revenue base Nova Scotia has available to fund essential health care services.

We cannot rely on the federal government for previous levels of support for programs and services offered in this province. We have already witnessed a substantial loss in funding with further reductions forthcoming in the years ahead.

In spite of these pressures, the Government of Nova Scotia remains firm in its commitment to protect essential programs and services provided to the people of this province.

Commitment to protect essential programs and services

As we move forward to meet the challenges and priorities of the nineties, we must be fully aware of the fiscal and economic pressures we face. Meeting these challenges will require a combined effort by the provincial government, municipalities, public institutions, business and all Nova Scotians.

Before outlining the government's fiscal plan it is useful to understand the economic environment in which these decisions have been made.

ECONOMIC ENVIRONMENT

Nova Scotia experienced real economic growth of 2.5 percent during 1989. This level of performance reflected a combination of strong gains and certain weaknesses across many sectors of our diverse economy.

The number of unemployed in the province dropped last year, resulting in an annual unemployment rate of 9.9 percent. This marked the first year that the annual unemployment rate was under 10 percent since 1980.

Unemployment rate lowest since 1980

The rate of inflation in the province was 4.7 percent compared to the 5.0 percent rate averaged by Canada as a whole.

Both the goods-producing and service sectors of the province experienced solid real growth last year.

The agricultural sector experienced some weakening this past year as a result of lower crop receipts. Dry mid-summer conditions prevented the apple and blueberry harvests from reaching their record levels of 1988. In spite of these conditions, however, the 1989 harvest remained in line with historical yields.

Primary forest activity had an exceptional year with real output gains of 20 percent over 1988 levels. This impressive performance was attributable in large part to the pulpwood harvesting operations. The ongoing process of modernization of Nova Scotia's pulp and paper industry continued in 1989.

The province's fishing sector experienced a mixed performance in 1989. The value of the herring catch is estimated to have declined by 42 percent. A reduction in groundfish quotas resulted in an estimated 2.8 percent decline in the value of landings. Layoffs and several temporary and permanent processing plant closures occurred throughout the province.

Scallop tonnage, on the other hand, increased by an estimated 17 percent over 1988 levels. While prices declined during the year, gains of 6 percent were achieved in the value of the scallop harvest.

In 1989, the value of manufacturing shipments, reported at $4.6 billion, represented an increase of 5.3 percent over the previous year.

Non-residential construction activity had an exceptional year during 1989. The value of this construction was estimated at $1.6 billion, up 10.6 percent over 1988 levels.

Non-residential construction remains strong

Residential building activity was healthy throughout the past year. A substantial increase in multi-unit dwellings in the latter part of 1989 brought the total housing starts to 5,359 for the year. The total value of residential construction activity is estimated to have increased to $962 million last year.

The service sector of the province, which accounts for 72 percent of the total economic output in Nova Scotia, experienced real growth of 2.9 percent in 1989.

Last year cargo handled through the Port of Halifax totalled 16.8 million tonnes, an increase of 3.4 percent. Containerized cargo shipments rose 10 percent to 3.9 million tonnes, accounting for approximately one-quarter of cargo tonnage handled.

While grocery and combination stores posted solid performances last year, motor vehicle dealer sales were slow. As a consequence, retail sales in the province experienced no real gains during 1989.

Growth in Nova Scotia's economy is expected to show some moderation in 1990 consistent with the trends anticipated nationally.

The province's goods-producing sector is projected to weaken somewhat this year, attributable in part to the conditions in the fishing industry. The groundfish quotas for the Scotia-Fundy region and northern cod quota have been reduced further for 1990. This will continue to have a dampening effect on the processing industry during the year. Communities throughout Atlantic Canada that have traditionally based their livelihood on the fishery are obviously facing a difficult period.

Uncertainty in fishery

The increase in supply capabilities of pulp and paper industries in several countries coupled with slower growth in demand is expected to exert downward pressure on newsprint and market pulp prices in the short term. Nova Scotia's pulp and paper firms are expected to weather these conditions as a result of recent modernization programs that have improved the competitiveness of the mills.

Non-residential construction is expected to sustain a high level of activity again in 1990.

Retail sales in general are expected to slow somewhat this year, reflecting the uncertainty in consumer spending and a general slowdown in the Canadian economy.

The province has consistently maintained that the federal Goods and Services Tax will have a negative impact on the economy. We are concerned that the tax will result in higher rates of inflation and reduced consumer spending. It is expected that the GST will negatively affect economic growth and employment levels across the province. We are particularly concerned about the impact of the tax on the service sector, the largest source of jobs and output in our economy.

In spite of the collective opposition of all ten provincial governments, the federal government is proceeding with the implementation of the Goods and Services Tax.

FISCAL SITUATION 1989-90

In 1989-90, the deficit is forecast to be $47.5 million, slightly lower than the $48.4 million target set out one year ago and well below the $61.1 million deficit incurred in 1988-89. Changes in federal equalization estimates during the last few days of the fiscal year prevented the deficit from being even lower.

The results of the last few years demonstrate that we have followed our fiscal plan for deficit reduction.

Total operating expenditures are forecast to be slightly less than estimated in last year's budget.

1989-90 expenditures less than estimated

Net capital expenditures of the province increased by approximately $37 million over the estimate due primarily to the acquisition of more than 122,000 acres of woodland from George Eddy Company Limited.

These lands are an important source of sawlogs and pulpwood in the province and will enhance Nova Scotia's ability to support further development of our forest industry. The purchase also ensures that ownership of these lands is retained in Nova Scotia and that traditional uses of the lands are continued.

SYDNEY STEEL CORPORATION

An important initiative that has had a significant impact on budgetary requirements is the recent transfer to the province of a major portion of the accumulated debt of the Sydney Steel Corporation.

In 1967, the province established Sysco as a crown agency and became responsible for the steel mill in Sydney. The mill was, and continues to be, a large employer and a significant economic force in Cape Breton.

Over the years, Sysco incurred substantial operating losses which were financed by provincial grants, and increasing levels of debt which were guaranteed by the province. Debt servicing costs grew to become the most significant factor in Sysco's operating losses.

Sysco, in conjunction with the provincial and federal governments, developed and implemented an extensive modernization program. The objective of this plan was to eliminate Sysco's operating losses and make it a viable self-sustaining operation while maintaining employment levels consistent with efficient plant operations.

The program called for major plant renovations, conversion to an electric arc process and installation of a universal mill. A substantial portion of the renovation was financed by the federal government pursuant to a subsidiary agreement with the province. The company has commenced commercial production.

Sysco's modernized plant operational

Sysco's debt situation had to be addressed in conjunction with the modernization of the plant. The operation could not support the level of debt that had accumulated over the years. Accordingly, in February 1990, $785 million of Sysco's bank and trust company debt, which had been guaranteed by the province, was transferred to the provincial accounts. Sysco has been left with the responsibility for financing the universal mill and the new transmission line.

The modernization and restructuring of Sysco has had a substantial fiscal impact on the province.

The transfer of debt to the province will increase provincial expenditures by approximately $70 million commencing in 1990-91.

FISCAL PLAN 1990-91

Establishing the fiscal plan for 1990-91 has proven to be extremely difficult.

The demands for social programs and services continue to rise, as do the related costs. At the same time, public expectations for new and expanded services are increasing.

Technological advancements, global economic developments and environmental concerns will dictate priorities in the 1990's. These developments will require new and innovative government policies to ensure that Nova Scotia is ready to meet the challenges ahead.

The national and provincial economies are entering a period of slower economic growth hindered by high interest rates. These economic conditions increase the pressure on government expenditures and contribute to slower revenue growth at the same time. This divergence makes fiscal planning even more difficult.

Provincial fiscal resources strained by federal initiatives

As well, various federal initiatives introduced over the years continue to strain the fiscal resources of the province. While some of these initiatives may have appeared relatively minor, the cumulative impact is dramatic, particularly for the Atlantic region.

A prime example is the Young Offenders Act. This federal legislation requires that the provincial governments spend considerable amounts of money building and operating facilities and providing a variety of new services. The federal government has reduced support for this program. Funding levels are now frozen at 1988-89 levels, leaving the province with an increasing financial burden.

Another example is the national day care policy. Planned and announced by the federal government several years ago, it raised public expectations for government action in this area. When the federal government later withdrew its proposals for a national strategy, increased demand was placed on provincial governments to fill the void. As everyone knows, this has caused considerable confusion and difficulty.

In the area of economic development, we have seen a combination of less funding for important regional initiatives and reduced cost-sharing ratios. We have also seen a significant increase in the demands on provincial economic development programs as Atlantic Canada Opportunities Agency (ACOA) programs have changed.

There have also been freezes, cutbacks or changes in cost-sharing ratios in many other areas including training, legal aid and housing.

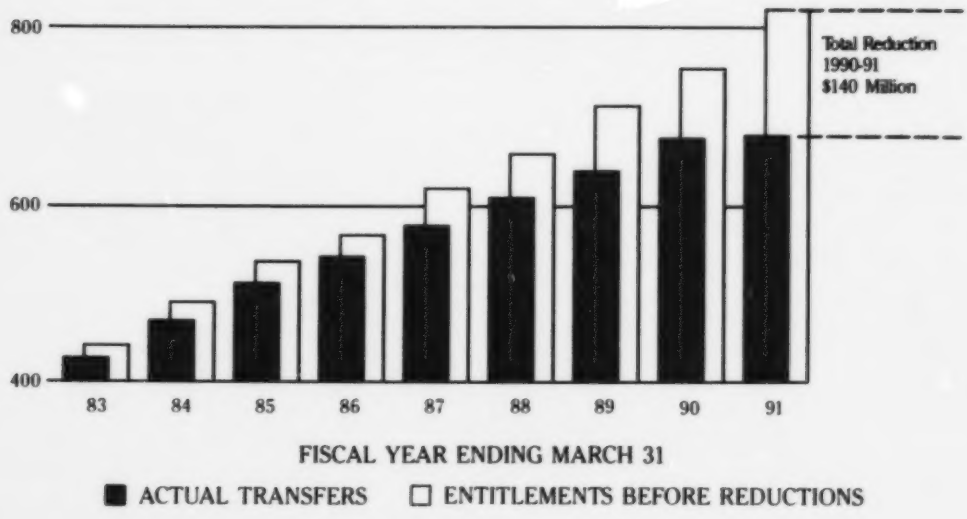
By far the most significant changes have been the federal cutbacks in funding for health care and post-secondary education. In the recent federal budget, per capita contributions for these two essential services were frozen at 1989-90 levels for the next two fiscal years.

This significant cutback is in addition to the various other adjustments that have been made to the program since its introduction in 1977-78. At that time the arrangements replaced cost-sharing agreements for the funding of health care and post-secondary education. The arrangements were intended to be stable and predictable, enabling both levels of government to effectively plan and budget in these important policy areas.

Federal funding cutbacks for health care and post-secondary education to total $140 million in 1990-91

However, these arrangements have been anything but stable and predictable. Since their introduction 13 years ago, there have been five unilateral federal changes to the funding provisions for health care and post-secondary education. In 1990-91, the effect of all of these changes means that Nova Scotia will receive approximately $140 million less than the province otherwise would have received.

REDUCTIONS IN FEDERAL TRANSFERS
FOR HEALTH CARE AND POST-SECONDARY EDUCATION
1982-83 to 1990-91
($ Millions)



The province is also losing considerable federal funding under the equalization program. This important program is intended to equalize the revenue raising capacity of provinces to enable them to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. A cap on payments contained in the federal Fiscal Arrangements legislation limits payments to the recipient provinces and serves to widen regional disparities. In 1990-91, it is estimated that this cap will cost the province $32.1 million in lost equalization entitlements.

Equalization transfers capped — $32.1 million loss in 1990-91

The impact of the federal cutbacks in funding for health care and post-secondary education since 1982-83 and the reductions in equalization transfers due to the cap result in approximately $170 million less federal funding for the province in 1990-91.

The cumulative cost of these changes in equalization and funding for health care and post-secondary education since 1982-83 is estimated to exceed $600 million by the end of 1990-91.

As federal funding is restricted, it becomes increasingly difficult for provinces such as ours to provide the same levels of service that are available in the wealthier parts of the country. It also puts additional pressure on our own fiscal resources.

Meeting the fiscal requirements for the coming year will require an understanding by all Nova Scotians of the fiscal realities we are facing. As stated in previous budgets, we cannot meet these demands through deficit financing.

Deficits increase the cost of servicing the debt, restricting the funds available for other program and service areas. This is why it is imperative to eliminate the deficit. If we do not, it becomes more difficult to meet the essential needs of all Nova Scotians.

The province has been successful in both meeting these needs and achieving major improvements in the operating deficit in a consistent and orderly fashion.

The province's approach has been balanced and sensitive. We have done everything possible to avoid major disruptions in program and service delivery.

The reductions in federal funding, however, have placed us in a very difficult fiscal situation. In order to continue the balanced approach to program delivery and deficit reduction, it will be necessary to introduce tax measures in this year's budget.

Balanced approach to program delivery and deficit reduction must continue

In the 1990 taxation year, the Individual Income Tax rate will be increased to 59.5 percent of Basic Federal Tax. A surtax on high income Nova Scotians will be imposed at a rate of 10 percent on provincial individual income taxes payable in excess of $10,000.

The general Corporate Income Tax rate will be increased from 15 percent to 16 percent effective the 1990 taxation year.

The Corporation Capital Tax rate applied to the paid-up capital of chartered banks, trust and loan companies will be increased from 1.5 percent to 3.0 percent, effective the 1990 taxation year.

The Tobacco Tax rates will also be raised effective midnight tonight. The rate for cigarettes will be 6.8 cents per cigarette; for tobacco sticks the rate will be 6 cents per gram. The rate will be increased to 5.25 cents per gram for fine cut tobacco.

To assist with the cost of implementing a number of the recommendations of the Marshall Inquiry, a variety of fees in the Attorney General's Department will be raised.

The province will introduce a Deed Transfer Tax on the sale of commercial and residential properties effective July 1, 1990. Commercial sales will be subject to a 2 percent tax. Residential sales up to $100,000 will not be subject to tax; however, the portion of the residential sale price in excess of $100,000 will be subject to a 2 percent rate.

Some exemptions under the Health Services Tax Act will be changed. Effective midnight tonight, the exemption for prepared meals will be reduced from $4 to $2.

To be consistent with the tax treatment of other construction materials, effective midnight tonight, the exemption for sales of liquid concrete will be removed.

Consistent with practices in several other provinces, non-prescription drugs will become subject to the Health Services Tax effective midnight tonight.

There will be no increase in the Health Services Tax rate. It will remain at 10 percent.

In recognition of important improvements required for the province's highway system over the next decade, a special Transportation Trust Fund will be established and specifically used for the construction and upgrading of all 100 Series highways. These initiatives, including the twinning of Highway 104, will be funded by a special allocation of increased gasoline and diesel oil taxes.

Transportation Trust Fund

Accordingly, effective midnight tonight, the gasoline tax rate will be increased to 22.25 percent of the retail selling price. At the same time, the diesel oil tax rate will be increased to 31.5 percent of the retail selling price. On January 1, 1991, the gasoline tax rate will be further increased to 24.5 percent of the retail price.

Effective midnight tonight, 1 cent per litre of the gasoline tax and 4.5 cents per litre of the diesel oil tax will be specifically dedicated to the Transportation Trust Fund. On January 1, 1991, an additional 1 cent per litre of the gasoline tax will be allocated to the Fund. This will help improve the safety of travellers on our highway system and enhance the economic development of the province. It is imperative that we have a quality highway network for the protection of travellers and security of our economic future.

After the tax increases I have outlined, Nova Scotia's taxes are comparable with other provinces in the Atlantic region.

These tax increases are necessary due to the accumulated impact of reductions in federal funding that have left us with few realistic choices. The balance between deficit control, orderly program delivery and available resources must be maintained.

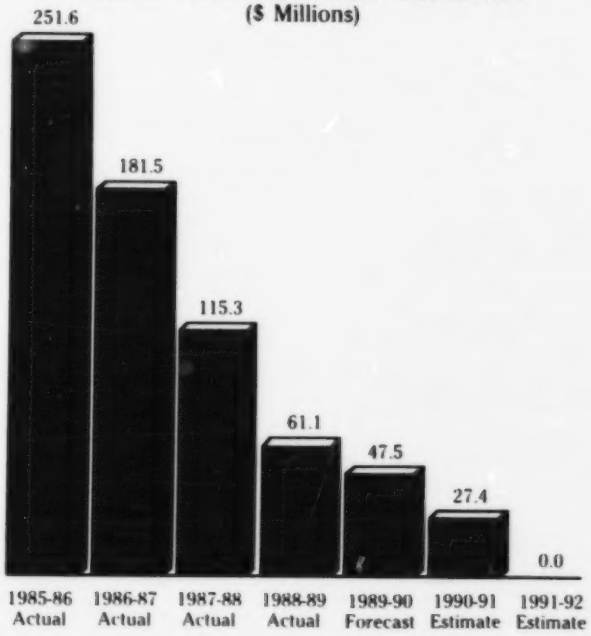
In last year's budget we were planning to eliminate the operating deficit in 1990-91. Up until one month ago, we were still planning to have a balanced budget. We would have balanced our current operating budget had it not been for the reduction in the equalization estimate during the last week in March.

As a result, the operating deficit of the province for 1990-91 will be $27.4 million. This is approximately $20 million below last year's level.

$20 million decline in operating deficit

We remain committed to deficit reduction and plan to achieve a balanced budget in 1991-92.

FISCAL PLAN FOR DEFICIT REDUCTION
($ Millions)



HEALTH CARE FOR NOVA SCOTIANS

Over the course of 1990-91 the province is committing over $1.2 billion towards a wide range of health care programs and services for Nova Scotians.

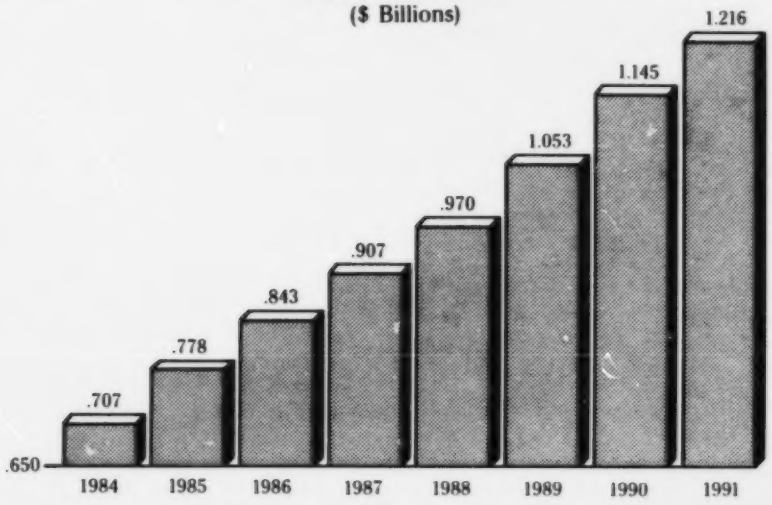
In allocating such a substantial amount of the taxpayers' dollars it is necessary that we take a long hard look at the programs and services offered in this province. We must balance the need to achieve efficiencies in the health delivery system with the responsibility of ensuring that necessary programs and services are available to meet the changing health care needs of our society.

The province established the Royal Commission on Health Care to study the system now in place and make recommendations to the government on how we can effectively deal with rising costs in this area. The Royal Commission has recently released its report and the government is presently studying its recommendations.

Royal Commission on Health Care reports

As we endeavour to address the pressures of escalating health care costs we must recognize that there are no quick remedies.

HEALTH CARE EXPENDITURES
1983-84 TO 1990-91
($ Billions)

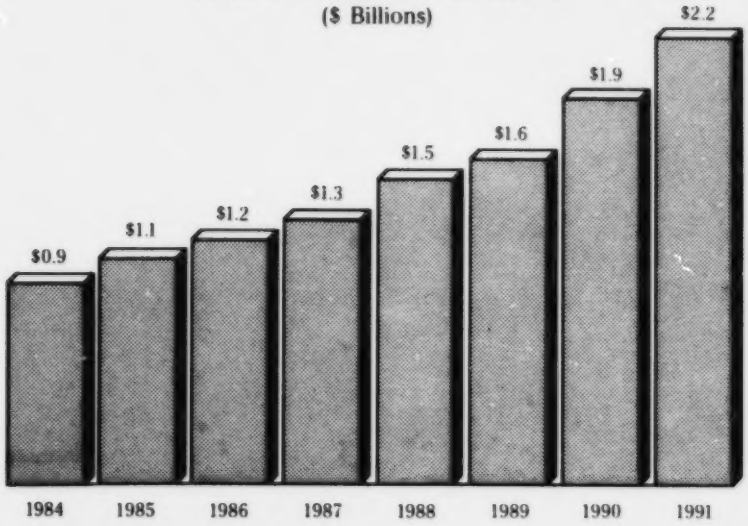


FISCAL YEAR ENDING MARCH 31

Over the past decade, health care expenditures in Nova Scotia have, on average, increased 10.3 percent annually.

At the same time, the growth in health care revenues has not kept pace with the growth in expenditures. The accumulated deficiency of health services revenues to related expenditures is expected to exceed $2 billion by the end of 1990-91.

ACCUMULATED DEFICIENCY
OF HEALTH SERVICES REVENUES
($ Billions)



as of March 31st

During 1990-91, $732.5 million will be allocated for hospital care throughout the province.

Increased support for home care

The province is providing for an increase in support for the provision of home care services. In 1990-91, $19.3 million is provided for the health care and social services components of the provincial Home Care Program. Our total support for home care is increasing 31.9 percent in this fiscal year.

As well, 1990-91 will mark the first full year of implementation of the province's youth and adolescent drug rehabilitation program. This program will offer young people between the ages of 12 and 18 the opportunity to deal with chemical substance abuse.

In efforts to ease expenditure pressures in the health care area, it is important that we do not jeopardize the tremendous strides we have made and the high quality of care we have achieved.

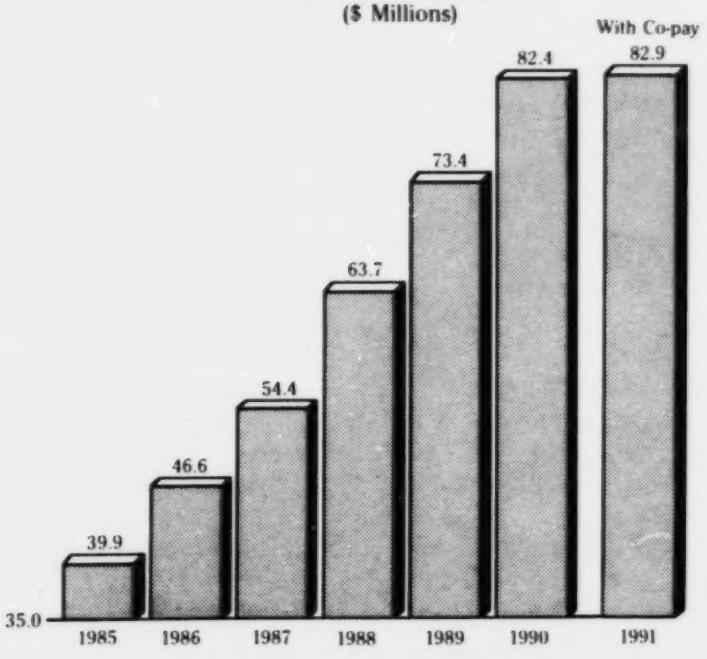
It is incumbent upon government, health care institutions and all Nova Scotians to assess the expectations for health care delivery and seek ways to relieve the demands on this very costly system.

To ease costs in the Children's Dental Program, a co-pay arrangement will be introduced. Effective June 1, 1990, a fee of $3 per service will be charged. Nova Scotia's dental program for children continues to be the most generous of all the Atlantic provinces.

In addition, the user fees under the Ambulance Subsidy Program will be increased by $20 effective May 1, 1990.

One of the fastest growing components of health care costs in recent years has been the Pharmacare Program. Since 1984-85 the province's commitment to this program for seniors and disabled family benefits recipients has more than doubled to $82.9 million. The cost for seniors alone has increased by more than 100 percent compared to an 11 percent growth in the seniors' population.

PHARMACARE EXPENDITURES
1984-85 TO 1990-91
($ Millions)



FISCAL YEAR ENDING MARCH 31

To ensure that the province is able to continue this important health care program in the future, persons receiving benefits under the seniors' Pharmacare Program will, effective June 1, 1990, be required to make a payment of $3 per prescription purchased under the Plan.

Continued support for seniors' Pharmacare Program

Seven other provinces, including those in the Atlantic region, now have co-pay arrangements for their Pharmacare programs. At $3 per prescription, Nova Scotia will have the lowest co-pay of all these provinces. At a cost of $70 million, Nova Scotia's Pharmacare Program for seniors is still one of the most generous in the country.

Disabled Nova Scotians receiving family benefits will continue to have their prescription drugs fully paid for under the Pharmacare Program administered by the Department of Community Services.

EDUCATIONAL OPPORTUNITIES FOR NOVA SCOTIANS

The cost of Nova Scotia's educational system will exceed $1.0 billion this fiscal year.

Education cost to exceed $1 billion in 1990-91

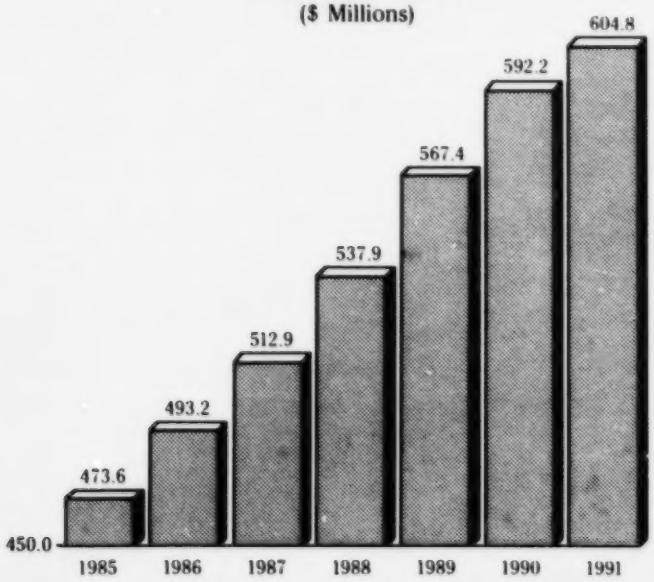
To help the young people of this province obtain an education at the post-secondary level, we are providing $15.5 million in financial assistance for students. This represents an increase of 16.4 percent above the levels provided in 1989-90.

Federal transfers to the province for post-secondary education have been frozen at 1989-90 levels. Despite this erosion in federal support, the province will be increasing its funding for universities, the community college system and school boards in 1990-91.

Direct grants and other assistance to universities will total $216.4 million in 1990-91, among the highest per capita expenditures in the country. Expenditures in support of training programs offered in the community college system throughout the province total $66.9 million this year.

The province will allocate $604.8 million for educational grants to school boards in this fiscal year. This substantial level of funding is made available to provide for the continued delivery of quality education for Nova Scotians.

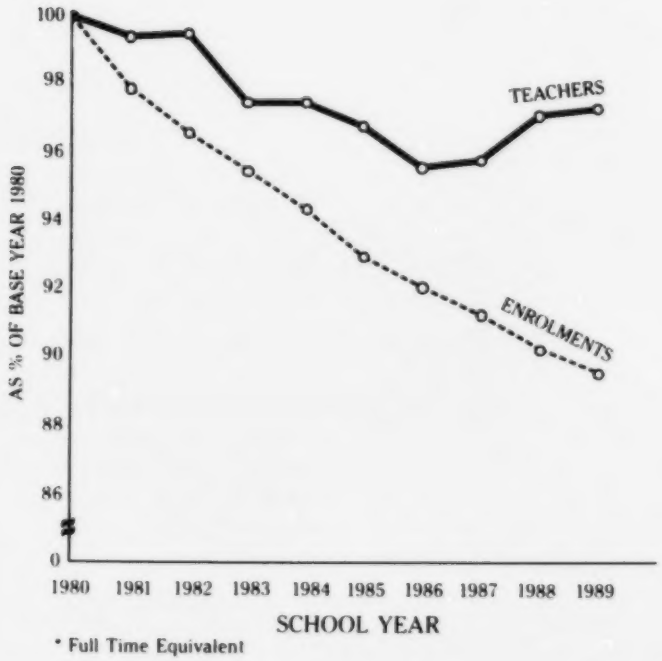
PROVINCIAL FUNDING TO SCHOOL BOARDS
1984-85 TO 1990-91
($ Millions)



FISCAL YEAR ENDING MARCH 31

Enrolments in the public school system have dropped dramatically while the number of teachers in the delivery system has declined only slightly. As a matter of fact, over the last ten years, student enrolment has dropped by approximately 19,000 while the number of teachers in an administrative capacity has increased.

COMPARISON OF TEACHERS * AND ENROLMENTS
1980 - 1989



* Full Time Equivalent

We must continue to work to improve the efficiencies in the current system. In the presence of increasing demands and limited resources, it is of the utmost importance that all institutions examine their administrative and program costs and seek ways to more effectively and efficiently meet the educational needs of the people of this province.

Need for improved efficiency in education delivery system

Towards this end, the province, together with the universities, has commenced a three-year program aimed at rationalization of the university system in Nova Scotia. This year marks the beginning of new funding arrangements designed, after extensive consultations, to address the best way to finance university education during a period of considerable fiscal restraint. Consultations with the university community will continue with respect to the implementation of the new funding structure in future years.

SOCIAL ASSISTANCE TO NOVA SCOTIANS

As part of our continuing commitment to meet the social needs of all Nova Scotians, we are allocating over $450 million in social services expenditures in 1990-91.

Funding for Family and Children's Services will total $42.9 million this fiscal year. Provision of children's services alone will reach $29.8 million, an increase of 21.8 percent over funding levels in 1989-90.

Strengthened support for children's services

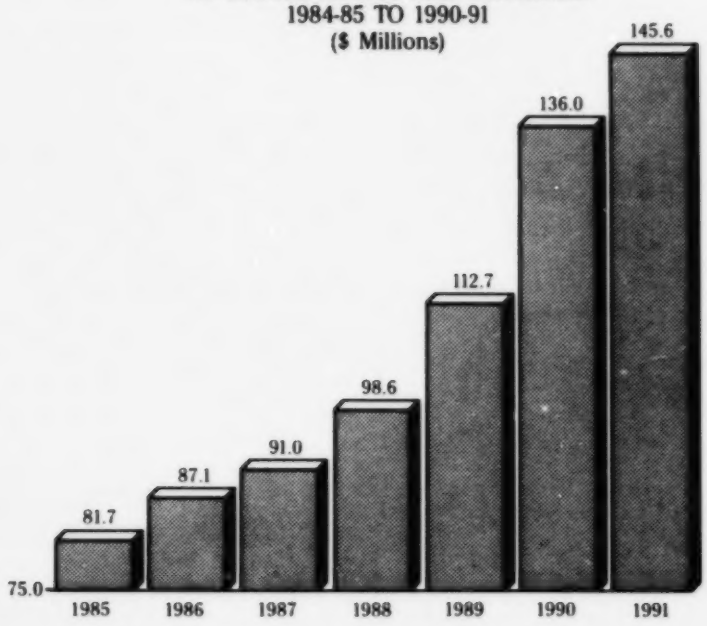
Family Benefits payments in the province will total $176 million in 1990-91 while financial aid to seniors will reach $16.7 million.

Payments by the province for general municipal social assistance will increase by 10.6 percent to $47.3 million this fiscal year.

In 1989-90, the province substantially increased its commitment to the social needs of Nova Scotians by providing 66⅔ percent of the actual municipal costs related to Homes for Special Care. In 1990-91, we will continue this support by providing approximately $70 million in payments for Homes for Special Care.

Strong commitment to Homes for Special Care

TOTAL PROVINCIAL CONTRIBUTIONS
TO MUNICIPAL SERVICES PROGRAMS
1984-85 TO 1990-91
($ Millions)



FISCAL YEAR ENDING MARCH 31

In total, we will be providing more than $145 million to municipalities for a variety of social services.

PLANNING AHEAD

As this budget has outlined, the 1990-91 fiscal year will be a very difficult one. Due to further reductions in federal transfer payments and a general slowdown of the Canadian and Nova Scotia economies, the growth in provincial revenues is expected to weaken next year.

This will make it even more difficult to keep on our deficit reduction track and ensure that we avoid major disruptions in program and service delivery. To meet these challenges, it will be necessary to expand and enhance our fiscal planning initiatives over the next few years.

Every indication is that revenue growth will slow substantially in 1991-92. It is absolutely imperative that expenditure increases are kept below the growth rate in revenues.

In order to accomplish this, the government will undertake a number of initiatives.

Initiatives to reduce costs of government

The province will explore opportunities for reducing operating costs through greater utilization of the private sector for a number of government activities.

The overall size of the civil service will be reduced. Where possible this will be accomplished through attrition.

Departments and agencies will also be required to reduce the size of their expenditure base.

The costs of health, education and social services have risen dramatically over the last ten years. These expenditure areas account for approximately three-quarters of all program spending in government and it is imperative that they play a major part in the expenditure control process. This will require the effort and co-operation of all departments, agencies and institutions involved in the delivery system.

The reduction of the expenditure base is an absolute necessity to ensure the government's ability to meet the long-term changing needs of Nova Scotians.

CONCLUSION

Over the years, the province has made significant strides in improving its deficit position while maintaining high quality essential programs and services. This has not been an easy task; however, sound fiscal management and a balanced approach to deficit reduction and program delivery have been the reasons for our success.

This progress has been threatened by substantial reductions in federal funding. This is further compounded by the knowledge that future federal support will be restricted. This limits the fiscal options available and makes our decision-making more difficult.

We remain committed to balancing the needs of our citizens against the fiscal resources of the government.

Balancing needs and fiscal resources

We firmly believe that the course of action taken in this budget is necessary to ensure stability and opportunity through the 1990's.

FINANCIAL AND SUPPLEMENTARY INFORMATION

to the Budget Address 1990-91

INDEX OF FINANCIAL AND SUPPLEMENTARY INFORMATION

		Page
	ESTIMATES 1990-91 – SUMMARY	
Schedule 1	Budgetary Requirements – Summary	A1
Schedule 2	Ordinary Revenues – Summary	A2
Schedule 3	Ordinary Expenditures – Summary	A3
Schedule 4	Capital Expenditures and Recoveries – Summary	A4
Schedule 5	Statutory Capital Items – Summary	A6
	FINANCIAL STATISTICS	
Schedule 6	Historical Analysis of Gross Revenues by Source	A8
Chart 1	Illustration of Gross Revenues by Source	A9
Schedule 7	Historical Analysis of Gross Expenditures by Function	A10
Chart 2	Illustration of Gross Expenditures by Function	A11
Schedule 8	Gross Ordinary Expenditures by Function	A12
Schedule 9	Gross Capital Expenditures by Function	A12
Chart 3	Illustration of Gross Ordinary and Capital Expenditures by Function	A13
Schedule 10	Transfer Payments from the Government of Canada	A14
Chart 4	Illustration of Transfer Payments from the Government of Canada	A15
Schedule 11	Summary of Ordinary Revenues and Expenditures by Source and Function	A16
	ECONOMIC INDICATORS	
Schedule 12	Gross Domestic Product at Market Prices	A18
Schedule 13	Consumer Price Index	A19
Schedule 14	Personal Income Per Capita	A20
Schedule 15	Labour Force	A21
Schedule 16	Employment	A22
Schedule 17	Unemployment	A23

ESTIMATES 1990-91 SUMMARY

BUDGETARY REQUIREMENTS – SUMMARY

Schedule 1

ACTUAL 1988-89	FORECAST 1989-90		ESTIMATE 1990-91
		CURRENT ACCOUNT	
3,526,634,568	3,753,515,300	Ordinary Expenditures	4,010,313,800
280,280,190	315,659,000	Ordinary Recoveries	343,929,500
3,246,354,378	3,437,856,300	Net Ordinary Expenditures	3,666,384,300
3,131,643,324	3,366,225,200	Ordinary Revenues	3,639,014,200
114,711,054	71,631,100		27,370,100
53,593,657	24,146,000	Prior Years' Adjustments – Federal-Provincial Fiscal Arrangements	—
61,117,397	47,485,100	Excess of Current Operating Expenditures Over Revenues and Recoveries	27,370,100
90,917,281	98,510,300	Sinking Fund Installments and Serial Retirements	99,973,600
		CAPITAL ACCOUNT	
379,620,121	396,109,500	Expenditure Program	325,753,100
81,731,701	64,292,200	Recoveries	40,380,300
297,888,420	331,817,300	Net Capital Expenditures	285,372,800
39,981	45,000	Advances under the Appropriations Act	48,800
297,928,401	331,862,300		285,421,600
449,963,079	477,857,700	Net Budgetary Requirements	412,765,300
7,645,492	51,438,300	Net Increase (Decrease) in Advances and Investments	29,080,000
457,608,571	**529,296,000**		**441,845,300**

ORDINARY REVENUES – SUMMARY

Schedule 2

ACTUAL 1988-89	FORECAST 1989-90	DEPARTMENT	ESTIMATE 1990-91
		ORDINARY REVENUES	
1,897,074	2,258,600	Advanced Education and Job Training	2,383,300
912,217	845,800	Agriculture and Marketing	808,100
16,527,153	19,446,000	Attorney General	24,738,000
80,572	78,800	Community Services	82,800
24,960,873	29,348,100	Consumer Affairs	34,781,000
2,120,103	2,203,000	Education	2,238,000
768,560	772,200	Environment	875,200
3,020,196,948	3,238,391,000	Finance	3,476,303,000
206,107	182,000	Fisheries	229,100
1,312,017	1,245,000	Government Services	1,202,000
415,041	410,000	Health and Fitness	653,000
402,976	29,800	Housing	29,800
61,400	60,000	Industry, Trade and Technology	113,500
323,348	339,000	Labour	378,000
6,563,847	7,457,000	Lands and Forests	8,532,000
3,479,350	3,250,000	Mines and Energy	3,538,000
25,313	26,100	Municipal Affairs	18,033,000
2,425,218	3,182,900	Public Service	3,539,500
25,388	104,200	Small Business Development	1,010,200
6,307,516	7,197,700	Tourism and Culture	7,774,700
42,632,303	49,398,000	Transportation and Communications	51,772,000
3,131,643,324	**3,366,225,200**		**3,639,014,200**
		ORDINARY RECOVERIES	
16,529,465	16,815,100	Advanced Education and Job Training	17,014,000
9,552,700	9,755,500	Assistance to Universities	9,524,000
2,451,977	2,654,100	Agriculture and Marketing	3,209,200
3,231,546	3,484,700	Attorney General	3,774,200
153,228,125	174,727,800	Community Services	191,595,200
—	17,100	Consumer Affairs	17,000
4,432,565	4,883,000	Education	4,758,900
52,731	72,100	Environment	31,000
750,678	609,500	Finance	62,000
300,085	269,500	Fisheries	286,000
32,086,200	33,141,700	Health and Fitness	38,835,400
1,867,053	2,263,000	Housing	2,086,900
7,527,816	15,667,300	Industry, Trade and Technology	16,110,200
825,000	825,000	Labour	825,000
95,947	104,000	Lands and Forests	109,000
2,565,190	—	Mines and Energy	875,000
53,147	55,900	Municipal Affairs	58,700
550,655	538,900	Public Service	587,800
43,931,494	49,131,400	Solicitor General	53,769,000
110,640	119,900	Tourism and Culture	119,700
137,176	523,500	Transportation and Communications	281,300
280,280,190	**315,659,000**		**343,929,500**

ORDINARY EXPENDITURES – SUMMARY

Schedule 3

ACTUAL 1988-89	FORECAST 1989-90	DEPARTMENT AND SERVICE	ESTIMATE 1990-91
76,662,871	84,390,500	Advanced Education and Job Training	91,014,000
204,107,080	215,001,100	Assistance to Universities	226,524,000
48,847,376	44,503,400	Agriculture and Marketing	46,106,700
36,256,493	38,508,200	Attorney General	43,318,000
363,033,223	415,593,100	Community Services	453,247,100
4,171,748	4,577,700	Consumer Affairs	4,902,000
639,363,373	668,743,900	Education	692,162,900
9,350,762	10,261,500	Environment	10,708,000
19,074,108	17,338,900	Finance	18,750,300
540,900,523	558,520,900	Debt Charges	649,973,800
9,207,436	8,915,700	Fisheries	9,468,200
41,088,048	45,924,700	Government Services	52,915,000
1,007,050,418	1,090,750,000	Health and Fitness	1,149,433,500
23,518,504	25,752,200	Housing	24,908,900
44,783,218	67,227,100	Industry, Trade and Technology	75,814,200
7,063,484	7,207,900	Labour	8,675,000
32,053,818	35,042,100	Lands and Forests	34,804,900
10,759,796	8,133,000	Mines and Energy	9,513,400
75,902,332	78,008,900	Municipal Affairs	79,835,700
73,758,603	63,462,700	Public Service	65,330,600
44,465,540	32,345,400	Small Business Development	27,969,100
56,952,463	65,117,100	Solicitor General	69,460,200
24,483,952	28,273,600	Tourism and Culture	25,994,700
133,779,399	139,915,700	Transportation and Communications	139,483,600
3,526,634,568	**3,753,515,300**		**4,010,313,800**

CAPITAL EXPENDITURES AND RECOVERIES – SUMMARY

Schedule 4

Estimate of Expenditure and Recovery of the Province of Nova Scotia
Chargeable to Capital Account for the fiscal year ending March 31, 1991

ACTUAL 1988-89	FORECAST 1989-90	DEPARTMENT	ANTICIPATED CARRY FORWARD AVAILABLE FROM 1989-90	ESTIMATE 1990-91	TOTAL PROGRAM 1990-91
		CAPITAL EXPENDITURES			
		FURNITURE AND EQUIPMENT			
1,017,426	2,200,000	Advanced Education and Job Training	581,000	1,919,000	2,500,000
1,238,973	1,195,000	Agriculture and Marketing	187,500	912,500	1,100,000
104,360	63,400	Attorney General	25,400	74,600	100,000
180,942	175,200	Community Services	18,800	106,200	125,000
6,733	4,200	Consumer Affairs	25,800	6,200	32,000
139,408	75,000	Education	–	75,000	75,000
218,062	206,000	Environment	–	150,000	150,000
10,051	80,000	Finance	–	24,500	24,500
107,230	110,000	Fisheries	15,000	105,000	120,000
2,592,924	2,550,000	Government Services	–	3,000,000	3,000,000
113,579	113,900	Health and Fitness	–	170,000	170,000
64,999	45,000	Housing	–	45,000	45,000
9,157	25,000	Industry, Trade and Technology	–	25,000	25,000
26,828	30,000	Labour	–	30,000	30,000
900,313	797,600	Lands and Forests	–	1,000,000	1,000,000
176,611	75,000	Mines and Energy	–	75,000	75,000
72,315	59,000	Municipal Affairs	16,000	59,000	75,000
14,692	120,400	Public Service	16,000	59,800	75,800
257,386	83,200	Small Business Development	–	40,000	40,000
270,227	58,600	Solicitor General	–	60,000	60,000
212,661	284,000	Tourism and Culture	–	200,000	200,000
35,716	55,000	Transportation and Communications	–	55,000	55,000
7,770,593	8,405,500		885,500	8,191,800	9,077,300
		OTHER			
658,307	624,200	Agriculture and Marketing	–	600,000	600,000
22,096	351,300	Education	–	1,888,000	1,888,000
683,550	1,305,700	Environment	–	1,165,000	1,165,000
–	38,000	Fisheries	662,000	–	662,000
114,162,675	68,573,700	Industry, Trade and Technology	7,391,300	36,536,100	43,927,400
9,210,899	39,922,100	Lands and Forests	–	10,181,000	10,181,000
3,000,000	1,340,400	Municipal Affairs	–	–	–
900,000	10,950,000	Public Service	–	8,080,000	8,080,000
880,475	297,500	Small Business Development	–	775,500	775,500
212,678	300,000	Solicitor General	–	350,000	350,000
27,090	2,600	Tourism and Culture	–	–	–
129,757,770	123,705,500		8,053,300	59,575,600	67,628,900

ACTUAL 1988-89	FORECAST 1989-90	DEPARTMENT	ANTICIPATED CARRY FORWARD AVAILABLE FROM 1989-90	ESTIMATE 1990-91	TOTAL PROGRAM 1990-91
		CAPITAL GRANTS			
18,406	—	Assistance to Universities	—	—	—
22,541	27,400	Attorney General	—	—	—
10,643,147	15,898,000	Education	—	5,441,000	5,441,000
1,998,707	2,922,200	Environment	—	4,362,000	4,362,000
30,090,718	35,158,200	Health and Fitness	5,200,000	38,148,000	43,348,000
1,117,950	1,000,000	Industry, Trade and Technology	74,000	1,566,000	1,640,000
22,043,039	24,958,100	Municipal Affairs	3,080,100	27,919,900	31,000,000
4,812,500	5,385,100	Public Service	—	6,313,400	6,313,400
154,613	—	Small Business Development	—	—	—
93,078	100,000	Solicitor General	—	50,000	50,000
8,855,968	8,683,400	Transportation and Communications	3,116,600	8,233,400	11,350,000
79,850,667	94,132,400		11,470,700	92,033,700	103,504,400
119,305,924	139,106,100	TRANSPORTATION	—	120,542,500	120,542,500
42,935,167	30,760,000	PUBLIC WORKS AND SPECIAL PROJECTS	—	25,000,000	25,000,000
379,620,121	**396,109,500**	**Total Capital Expenditures**	**20,409,500**	**305,343,600**	**325,753,100**
		CAPITAL ADVANCES			
39,981	45,000	Agriculture and Marketing	—	48,800	48,800
39,981	**45,000**	**Total Capital Advances**	**—**	**48,800**	**48,800**
379,660,102	**396,154,500**	**Total to be Voted Under the Appropriations Act**	**20,409,500**	**305,392,400**	**325,801,900**
		CAPITAL RECOVERIES			
		FURNITURE AND EQUIPMENT			
—	500,000	Advanced Education and Job Training	—	—	—
—	500,000		—	—	—
		OTHER			
—	161,600	Education	—	145,000	145,000
70,721,731	38,538,600	Industry, Trade and Technology	1,280,300	16,212,500	17,492,800
70,721,731	38,700,200		1,280,300	16,357,500	17,637,800
		CAPITAL GRANTS			
1,812,825	1,606,000	Transportation and Communications	—	2,200,000	2,200,000
1,812,825	1,606,000		—	2,200,000	2,200,000
8,098,779	21,786,000	TRANSPORTATION	—	20,542,500	20,542,500
1,098,366	1,700,000	PUBLIC WORKS AND SPECIAL PROJECTS	—	—	—
81,731,701	**64,292,200**	**Total Capital Recoveries**	**1,280,300**	**39,100,000**	**40,380,300**

STATUTORY CAPITAL ITEMS – SUMMARY

Schedule 5

ACTUAL 1988-89	FORECAST 1989-90	CAPITAL ADVANCES AND INVESTMENTS	ESTIMATE 1990-91
		ADDITIONAL ADVANCES AND INVESTMENTS	
15,128,434	9,000,000	Fisheries Development Fund	9,000,000
10,510,633	54,750,000	Industrial Development Act	24,072,000
—	—	Industrial Estates Limited	—
12,298,247	7,461,000	Industrial Loan Act	4,657,000
4,729,788	9,200,000	Nova Scotia Business Capital Corporation	10,000,000
14,707,964	16,200,000	Nova Scotia Farm Loan Board	15,000,000
39,133,895	40,616,000	Housing Development Fund	37,253,500
179,535	—	Nova Scotia Power Corporation Act	—
5,003,630	6,471,000	Small Business Development Fund	18,000,000
8,196,312	5,226,600	Universities Assistance Act	9,261,000
1,240,500	1,000,000	Venture Corporations Act	—
111,128,938	**149,924,600**		**127,243,500**
		REPAYMENTS	
10,248,968	9,200,000	Fisheries Development Fund	9,000,000
6,920,745	12,100,000	Industrial Development Act	14,861,000
8,795,310	5,500,000	Industrial Estates Limited	—
5,832,414	5,800,000	Industrial Loan Act	5,000,000
229,250	230,200	Municipal Hospitals Loan Act	228,200
1,588,080	1,372,700	Municipal Loan and Building Fund Act	1,183,100
17,899	300,000	Nova Scotia Business Capital Corporation	3,670,000
13,600,086	11,400,000	Nova Scotia Farm Loan Board	11,800,000
42,981,736	41,916,000	Housing Development Fund	38,044,100
94,463	—	– Nova Scotia-Canada, Home Insulation Program	—
5,070,054	5,307,200	Nova Scotia Power Corporation Act	5,435,000
3,952,943	3,528,000	Small Business Development Fund	4,800,000
2,317,430	—	Universities Assistance Act	2,383,000
244,060	200,000	Venture Corporations Act	—
1,590,008	1,632,200	Miscellaneous	1,759,100
103,483,446	**98,486,300**		**98,163,500**
2,670,363	**3,000,000**	CAPITAL EXPENDITURE	**1,000,000**

NOTE: Statutory Capital Items for which no vote is required under the Appropriations Act.

FINANCIAL STATISTICS

HISTORICAL ANALYSIS OF GROSS REVENUES BY SOURCE

Schedule 6

	1986-87	1987-88	1988-89	FORECAST 1989-90	ESTIMATE 1990-91
Provincial Sources (thousands of dollars)	1,675,308	1,875,693	2,021,345	2,139,241	2,367,965
Income Taxes	686,963	809,981	893,175	931,536	1,027,600
Health Services Tax	544,709	612,086	660,448	644,000	702,000
Tobacco Tax (1)	—	—	—	75,000	103,000
Motive Fuel Taxes	114,104	116,406	118,497	125,350	132,000
Liquor Commission Profits	83,452	84,056	80,759	83,500	87,000
Interest Revenues	78,166	73,530	79,179	79,895	77,926
Registry of Motor Vehicles	39,224	40,318	41,554	48,303	50,657
Other Provincial Sources	128,690	139,316	147,733	151,657	187,782
Federal Sources (thousands of dollars)	1,209,823	1,252,363	1,437,666	1,537,981	1,551,429
Equalization	651,840	686,068	816,195	896,383	917,998
Established Programs Financing	341,390	349,081	347,192	351,876	350,800
Shared Cost Programs	213,428	214,461	272,851	286,246	280,318
Other Federal Sources	3,165	2,753	1,428	3,476	2,313
Other Recoveries (thousands of dollars)	70,880	79,541	88,238	93,100	103,930
Total Gross Revenues	**2,956,011**	**3,207,597**	**3,547,249**	**3,770,322**	**4,023,324**
Provincial Sources (as a percent of Total Gross Revenues)	56.7	58.5	57.0	56.7	58.8
Income Taxes	23.2	25.3	25.2	24.7	25.5
Health Services Tax	18.4	19.1	18.6	17.1	17.4
Tobacco Tax	—	—	—	2.0	2.5
Motive Fuel Taxes	3.9	3.6	3.3	3.3	3.3
Liquor Commission Profits	2.8	2.6	2.3	2.2	2.2
Interest Revenues	2.6	2.3	2.2	2.1	2.0
Registry of Motor Vehicles	1.3	1.3	1.2	1.3	1.2
Other Provincial Sources	4.5	4.3	4.2	4.0	4.7
Federal Sources (as a percent of Total Gross Revenues)	40.9	39.0	40.6	40.8	38.6
Equalization	22.1	21.4	23.0	23.8	22.8
Established Programs Financing	11.5	10.9	9.8	9.3	8.7
Shared Cost Programs	7.2	6.6	7.7	7.6	7.0
Other Federal Sources	0.1	0.1	0.1	0.1	0.1
Other Recoveries (as a percent of Total Gross Revenues)	2.4	2.5	2.4	2.5	2.6
Total Gross Revenues	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

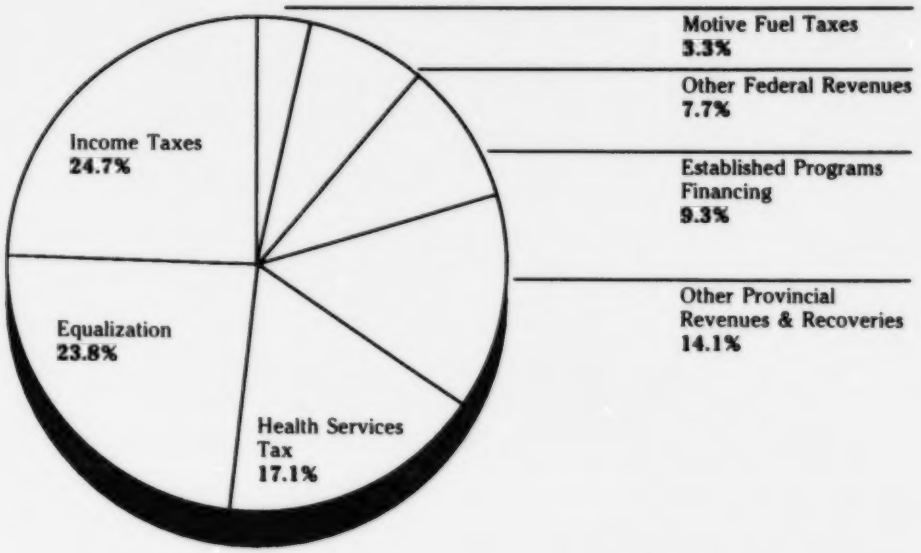
(1) Prior to 1989-90, revenues derived from the sales tax on tobacco products were included solely in the Health Services Tax.

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

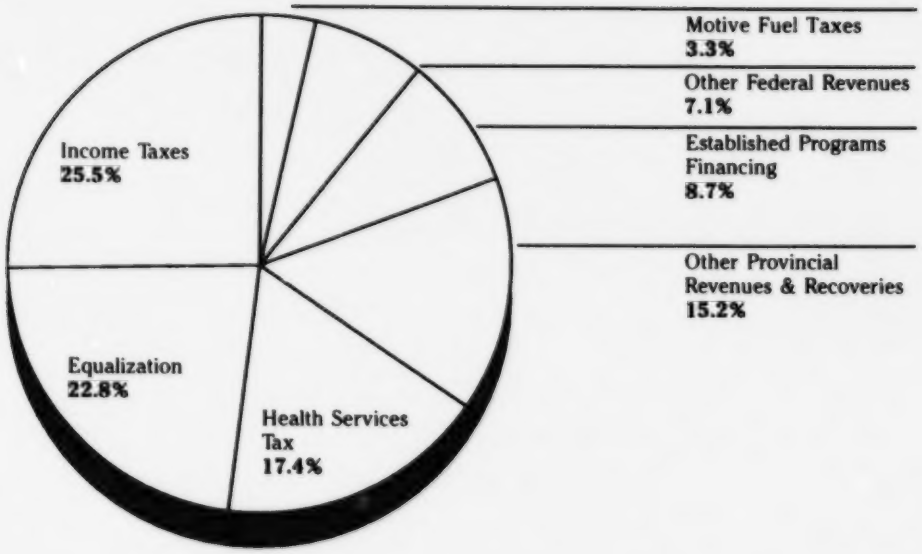
GROSS REVENUES BY SOURCE

Chart 1

1989-90



1990-91



NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

HISTORICAL ANALYSIS OF GROSS EXPENDITURES BY FUNCTION

Schedule 7

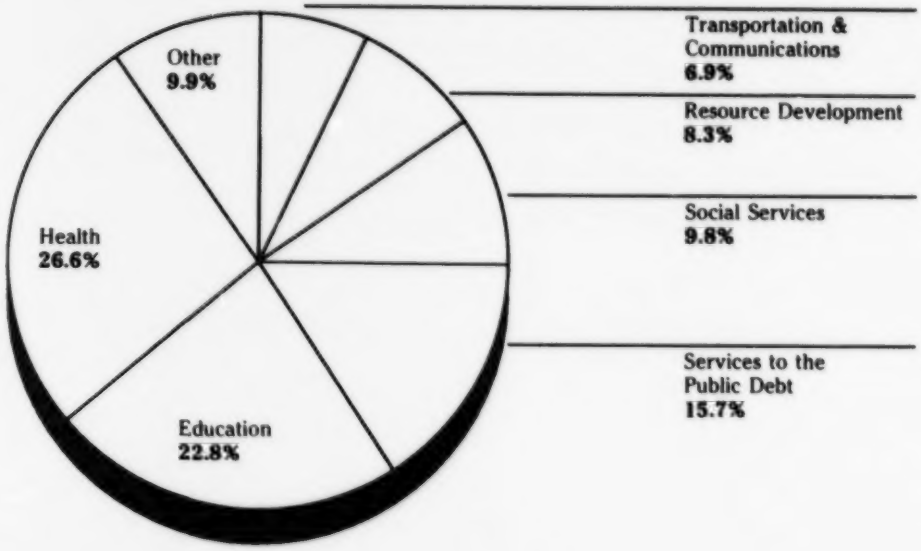
	1986-87	1987-88	1988-89	FORECAST 1989-90	ESTIMATE 1990-91
Function (thousands of dollars)					
General Government	121,493	87,121	139,670	118,703	127,573
Public Protection	102,089	126,847	134,063	149,539	163,478
Transportation and Communications	195,675	226,395	268,508	296,705	277,434
Resource Development	226,941	225,127	328,072	358,481	279,046
Health	906,608	969,613	1,052,648	1,144,914	1,216,009
Social Services	307,683	333,155	372,068	422,695	455,724
Education	837,610	867,083	931,680	982,316	1,020,564
Culture and Recreation	31,911	34,178	40,232	56,637	45,950
Services to the Public Debt	645,563	652,303	651,043	677,463	778,348
Municipal Affairs	75,973	90,473	89,544	95,165	102,043
Total Gross Expenditures	**3,451,546**	**3,612,295**	**4,007,528**	**4,302,618**	**4,466,169**
Function (as a percent of Total Gross Expenditures)					
General Government	3.5	2.4	3.5	2.8	2.9
Public Protection	3.0	3.5	3.3	3.5	3.7
Transportation and Communications	5.6	6.3	6.7	6.9	6.2
Resource Development	6.6	6.2	8.2	8.3	6.2
Health	26.3	26.8	26.3	26.6	27.2
Social Services	8.9	9.2	9.3	9.8	10.2
Education	24.3	24.0	23.2	22.8	22.9
Culture and Recreation	0.9	1.0	1.0	1.4	1.0
Services to the Public Debt	18.7	18.1	16.3	15.7	17.4
Municipal Affairs	2.2	2.5	2.2	2.2	2.3
Total Gross Expenditures	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

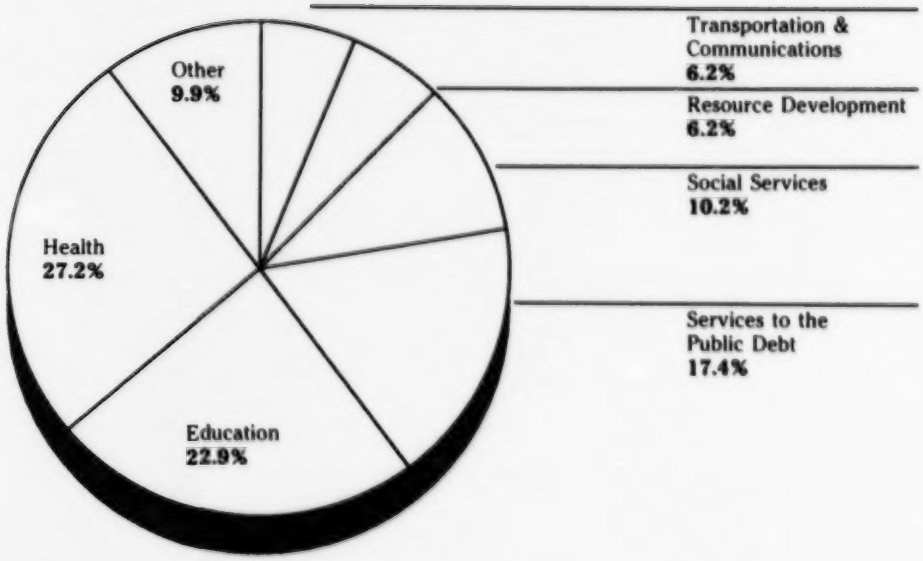
GROSS EXPENDITURES BY FUNCTION

Chart 2

1989-90



1990-91



NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

GROSS ORDINARY EXPENDITURES BY FUNCTION

Schedule 8

Function (thousands of dollars)	1986-87	1987-88	1988-89	FORECAST 1989-90	ESTIMATE 1990-91
General Government	105,346	82,712	111,700	106,873	120,760
Public Protection	97,465	116,241	131,261	146,629	159,575
Transportation and Communications	110,027	127,369	137,204	144,527	143,648
Resource Development	147,355	171,474	188,824	183,452	182,032
Health	871,302	937,473	1,020,044	1,105,644	1,164,052
Social Services	307,525	332,786	371,750	422,420	455,279
Education	806,287	856,265	911,548	958,977	1,001,223
Culture and Recreation	29,944	30,022	27,806	38,855	37,974
Services to the Public Debt	645,563	652,303	651,043	677,463	778,348
Municipal Affairs	59,574	63,421	66,372	67,185	67,396
Total Gross Expenditures	**3,180,388**	**3,370,066**	**3,617,552**	**3,852,025**	**4,110,287**

NOTE: Includes Ordinary Expenditures and Sinking Fund Installments.

GROSS CAPITAL EXPENDITURES BY FUNCTION

Schedule 9

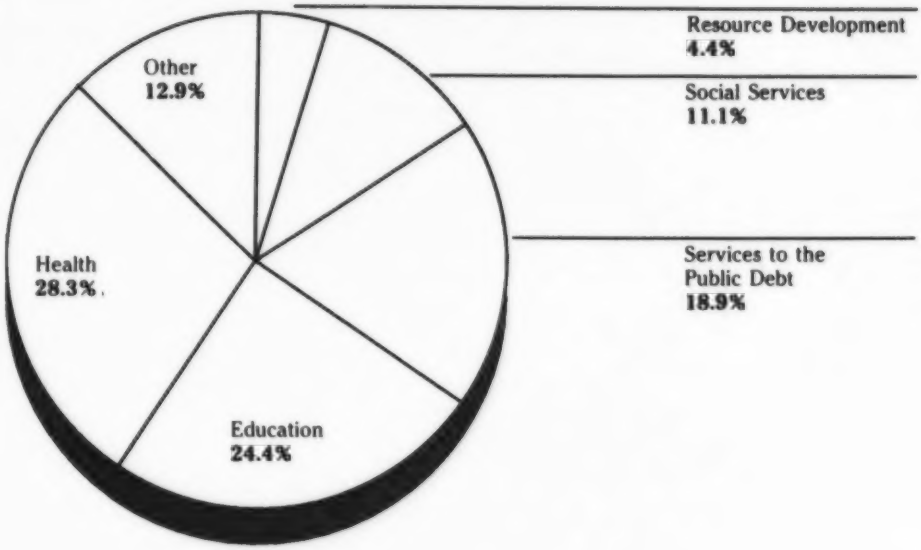
Function (thousands of dollars)	1986-87	1987-88	1988-89	FORECAST 1989-90	ESTIMATE 1990-91
General Government	16,147	4,409	27,970	11,829	6,813
Public Protection	4,624	10,606	2,802	2,911	3,903
Transportation and Communications	85,648	99,026	131,304	152,178	133,786
Resource Development	79,586	53,653	139,248	175,029	97,015
Health	35,306	32,140	32,604	39,269	51,957
Social Services	158	369	318	275	445
Education	31,323	10,818	20,132	23,340	19,341
Culture and Recreation	1,967	4,156	12,426	17,782	7,976
Municipal Affairs	16,399	27,052	23,172	27,980	34,646
Total Gross Expenditures	**271,158**	**242,229**	**389,976**	**450,593**	**355,882**

NOTE: Includes Capital Expenditures and net increase (decrease) in Capital Advances and Investments.

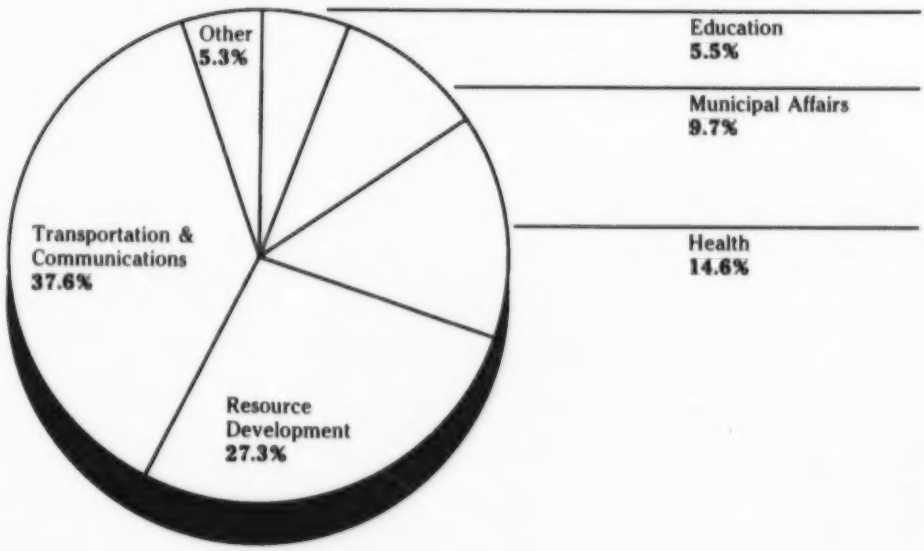
GROSS ORDINARY AND CAPITAL EXPENDITURES BY FUNCTION

Chart 3

ORDINARY EXPENDITURES
1990-91



CAPITAL EXPENDITURES
1990-91



NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

TRANSFER PAYMENTS FROM THE GOVERNMENT OF CANADA

Schedule 10

(millions of dollars)

FISCAL YEAR	UNCONDITIONAL TRANSFERS[1]	CONDITIONAL TRANSFERS[2]	TOTAL TRANSFERS	ANNUAL PERCENT CHANGE	PERCENT OF TOTAL GROSS REVENUES
1980-81	688	157	845	5.8	47.9
1981-82	799	164	963	14.0	48.6
1982-83	837	161	998	3.7	45.9
1983-84	916	178	1,094	9.6	45.2
1984-85	961	185	1,146	4.8	43.8
1985-86	962	178	1,140	(0.5)	41.3
1986-87	996	214	1,210	6.1	40.9
1987-88	1,038	214	1,252	3.6	39.0
1988-89	1,165	273	1,438	14.8	40.5
1989-90 F	1,252	286	1,538	6.9	40.8
1990-91 E	1,271	280	1,551	0.8	38.6

1 Unconditional Transfers which currently include Equalization Payments, Established Programs Financing Cash Transfers and Statutory Subsidies, constitute those payments from the Federal Government that may be spent in any manner.

2 Conditional Transfers constitute those payments from the Federal Government that must be spent on the specific programs for which the transfers are made. In essence, the Conditional Transfers pertain to shared-cost programs.

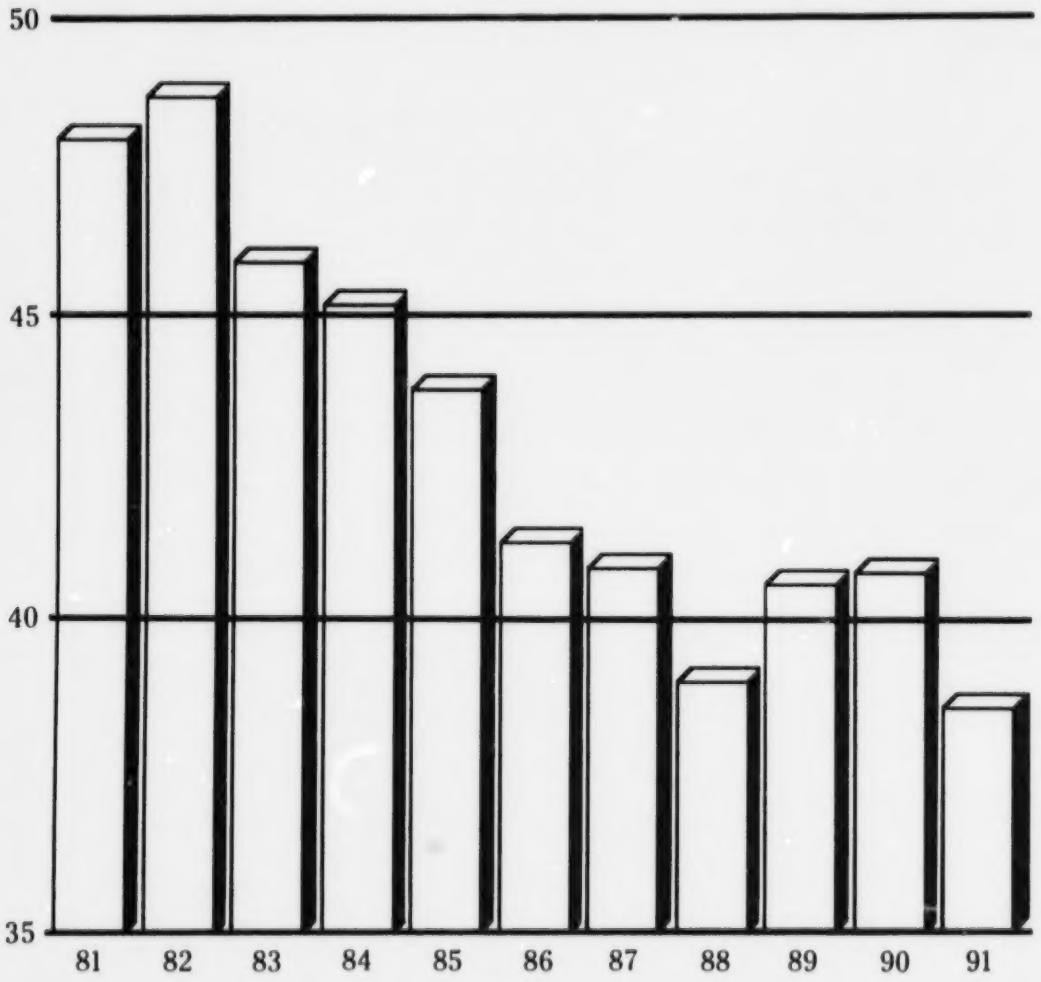
F Forecast

E Estimate

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

TRANSFERS FROM THE GOVERNMENT OF CANADA AS A PERCENT OF TOTAL GROSS REVENUES

Chart 4



FISCAL YEAR ENDING MARCH 31

SUMMARY OF ORDINARY REVENUES AND EXPENDITURES BY SOURCE AND FUNCTION

Schedule 11

(thousands of dollars)

	ESTIMATE 1989-90	FORECAST 1989-90	ESTIMATE 1990-91
ORDINARY REVENUES AND RECOVERIES BY SOURCE			
Provincial Sources			
Income Taxes	909,149	923,800	1,027,600
Health Services Tax	674,000	644,000	702,000
Tobacco Tax	77,000	75,000	103,000
Motive Fuel Taxes	120,000	125,350	132,000
Liquor Commission Profits	80,500	83,500	87,000
Interest Revenues	79,260	79,895	77,926
Registry of Motor Vehicles	48,303	48,303	50,657
Other Provincial Sources	161,778	151,332	187,782
Federal Sources			
Equalization	849,523	865,194	917,998
Established Programs Financing	377,963	367,600	350,800
Shared Cost Programs	235,320	223,560	242,137
Other Federal Sources	2,367	2,856	2,313
Other Recoveries	90,808	91,494	101,731
Total Ordinary Revenues and Recoveries	**3,705,971**	**3,681,884**	**3,982,944**
ORDINARY EXPENDITURES BY FUNCTION			
General Government	103,470	106,873	120,760
Public Protection	139,328	146,629	159,575
Transportation and Communications	141,604	144,527	143,648
Resource Development	186,012	183,452	182,032
Health	1,085,794	1,105,644	1,164,052
Social Services	427,235	422,420	455,279
Education	958,018	958,977	1,001,224
Culture and Recreation	36,539	38,855	37,974
Interest on the Public Debt	608,929	578,953	678,374
Municipal Affairs	67,469	67,185	67,396
Total Ordinary Expenditures	**3,754,398**	**3,753,515**	**4,010,314**
Prior Years' Adjustments – Federal-Provincial Fiscal Arrangements	—	24,146	—
Excess of Current Expenditures Over Revenues and Recoveries	48,427	47,485	27,370
Sinking Fund Installments and Serial Retirements	98,510	98,510	99,974

ECONOMIC INDICATORS

GROSS DOMESTIC PRODUCT AT MARKET PRICES

Schedule 12

(millions of dollars)

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1980	6,292	3.3[2]	309,680	12.1
1981	7,345	16.7	355,647	14.8
1982	8,462	15.2	373,898	5.1
1983	9,629	13.8	403,262	7.9
1984	10,701	11.1	443,654	10.0
1985	11,934	11.5	477,306	7.6
1986	12,949	8.5	502,670	5.3
1987	13,890	7.3	549,185	9.3
1988	14,814	6.7	602,558	9.7
1989	15,710$_p$	6.0	647,750$_p$	7.5
1990	16,550$_p$	5.3	693,090$_p$	7.0

1 Source – Nova Scotia Department of Industry, Trade and Technology

2 Gross Domestic Product at market prices represents the value added by each of the factors of production plus indirect taxes less subsidies. The substantial increase in the value of subsidies paid to importers of crude oil and petroleum products in 1980 in Nova Scotia had a proportionately greater impact on Nova Scotia Gross Domestic Product at market price than the impact of such subsidies on Gross Domestic Product at market price for Canada as a whole.

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

CONSUMER PRICE INDEX

Schedule 13

(1981 = 100.0)

YEAR	HALIFAX[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1980	89.4	10.6	88.9	10.2
1981	100.0	11.9	100.0	12.5
1982	109.6	9.6	110.8	10.8
1983	116.8	6.6	117.2	5.8
1984	121.9	4.4	122.3	4.4
1985	127.3	4.4	127.1	3.9
1986	131.7	3.5	132.4	4.2
1987	136.4	3.6	138.2	4.4
1988	141.4	3.7	143.8	4.1
1989	148.1	4.7	151.0	5.0
1990	154.0_p	4.0	157.8_p	4.5

1 Source – Statistics Canada: "The Consumer Price Index"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

NOTE: The Consumer Price Index measures the percentage change through time in the cost of purchasing a constant "basket" of goods and services representing the purchases made by a particular population group in a specified time period. The Consumer Price Index used in this table is an annual average of the monthly indices.

PERSONAL INCOME PER CAPITA

Schedule 14

(dollars)

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1980	7,858	8.9	10,352	12.0
1981	8,994	14.5	12,046	16.4
1982	10,206	13.5	13,214	9.7
1983	10,977	7.6	13,840	4.7
1984	11,941	8.8	14,903	7.7
1985	13,276	11.2	15,903	6.7
1986	14,047	5.8	16,818	5.8
1987	15,100	7.5	18,136	7.8
1988	16,083	6.5	19,517	7.6
1989	$17,131_p$	6.5	$21,016_p$	7.7
1990	$17,907_p$	4.5	$21,935_p$	4.4

1 Source – Nova Scotia Department of Industry, Trade and Technology

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

LABOUR FORCE

(thousands of persons)

Schedule 15

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1980	356	2.9	11,573	3.1
1981	359	0.8	11,899	2.8
1982	360	0.3	11,926	0.2
1983	368	2.2	12,109	1.5
1984	385	4.6	12,316	1.7
1985	385	0.0	12,532	1.8
1986	392	1.8	12,746	1.7
1987	399	1.8	13,011	2.1
1988	408	2.3	13,275	2.0
1989	414	1.5	13,503	1.7
1990	418_p	1.0	$13,673_p$	1.3

1 Source - Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

EMPLOYMENT

(thousands of persons)

Schedule 16

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1980	321	3.2	10,708	3.0
1981	322	0.3	11,001	2.7
1982	313	(2.8)	10,618	(3.5)
1983	319	1.9	10,675	0.5
1984	335	5.0	10,932	2.4
1985	333	(0.6)	11,221	2.6
1986	341	2.4	11,531	2.8
1987	350	2.6	11,861	2.9
1988	366	4.6	12,245	3.2
1989	373	1.9	12,486	2.0
1990	376_p	0.8	$12,635_p$	1.2

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

UNEMPLOYMENT

(thousands of persons)

Schedule 17

YEAR	NOVA SCOTIA[1]		CANADA[1]	
	UNEMPLOYED	UNEMPLOYMENT RATE %	UNEMPLOYED	UNEMPLOYMENT RATE %
1980	35	9.7	865	7.5
1981	36	10.1	898	7.5
1982	47	13.1	1,308	11.0
1983	48	13.2	1,434	11.8
1984	50	13.0	1,384	11.2
1985	52	13.6	1,311	10.5
1986	51	13.1	1,215	9.5
1987	49	12.3	1,150	8.8
1988	42	10.2	1,031	7.8
1989	41	9.9	1,018	7.5
1990	42_p	10.0	$1,038_p$	7.6

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

NOTE: The Unemployment Statistics shown in this table are annual averages of the monthly indices.